



INSTITUTE OF
**PUBLIC
ACCOUNTANTS®**

**Department of
Employment, Small
Business and
Training: Queensland
Small Business
Strategy – Discussion
Paper**

December 2019

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The Hon Shannon Fentiman MP
Minister for Employment and Small Business
Minister for Training and Skills Department

Via email: SmallBusinessStrategy@desbt.qld.gov.au

Dear Minister

Small business strategy

Introduction

The Institute of Public Accountants (IPA) welcomes the opportunity to provide this submission in response to **the Queensland Small Business Strategy – Discussion Paper**.

The IPA is one of the three professional accounting bodies recognised in law in Australia, representing over 38,000 accountants and students throughout Australia and internationally.

The IPA prides itself in not only representing the interests of accountants but also small business and their advisors.

More than 75 per cent of our members are either servicing small business or are small businesses in their own right. The IPA's mission is to 'enhance the life of small business'.

To this end, the IPA along with the dedicated IPA Deakin SME Research Centre (IPA RC) has made significant inroads to influence government policy in relation to small business. Having conducted nation-wide regional small business roadshows to gather insights of small business and small accounting practitioners in 2014 and 2017, backed by intensive research conducted by the IPA RC, we have published the first ever Australian Small Business White Paper in 2015 and subsequent second edition in 2018. A number of the White Paper's recommendations have already been adopted by government.

The focus of the White Papers is the dire need to drive productivity growth through small business and SMEs. Unless we can reverse the downward trend of the past two decades, Australians will not enjoy the standard of living currently in place.

The White Papers can be found at,

<https://www.publicaccountants.org.au/news-advocacy/small-business-white-paper>.

Please note there are the full versions, abbreviated versions and infographics.

Many of the questions and issues raised in the discussion paper are discussed in detail in our White Papers. Below are some brief comments based on and in addition to our White Papers.

We would be pleased to meet with you to discuss our research and recommendations in greater detail.

Please address any further enquires to Wayne Debernardi, General Manager Public Affairs via wayne.debernardi@publicaccountants.org.au.

Yours sincerely

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Queensland Small Business Strategy – Discussion Paper

The IPA commends the Queensland Government in its commitment to small business. The initiatives contained within the Discussion Paper are well worth pursuing. We offer the following comments to support the paper's overall direction:

- *The Mentoring Growth Program* – The IPA has experience in establishing microboards to support SMEs where we have provided advice utilising existing and retired members, volunteering their services which have catered for the implementation of cloud accounting systems, business planning and governance for an indigenous land group which was attempting to become financially self-sufficient. A microboard is not designed to replace or interfere with any governance or board structure in place but rather act in an advisory capacity. This may be of particular interest to new entrepreneurs finding their way in the business world or as equally, a business that is under pressure in a competitive market. The IPA would be interested in how we can assist in this area.
- *Small Business procurement and on-time payment* – The IPA is very pleased that the Queensland Government is set to adhere to national policy in 2020. Cash-flow is a number one problem for many small businesses. The IPA was represented on the Payment Times and Practices Reference Group established by the Australian Small Business and Family Enterprise Ombudsman. We supported all of the recommendations, including legislating payment times.

It is disappointing that Australia is a laggard in payment times and practices when it comes to paying small business. Given that cash-flow is the lifeblood of business, it is imperative that payment times and practices improve across the board, including payment times by government. We note that the Federal Government has made a concerted effort to improve its own practices.

- *Queensland Social Enterprise Strategy* – The IPA is keen to know more about this strategy and whether it can be tailored with comments provided above in relation to microboards.
- *Payroll Tax Package* – we congratulate the Queensland Government for this initiative. In our two most recent Australia-wide small business roadshows, payroll tax was raised consistently (including in Queensland) as a major impediment which acts as a disincentive to business growth and more importantly, to employment. All efforts to harmonise and reduce payroll tax are welcome, and especially to remove it.

Questions for discussion:

The Discussion Paper poses numerous questions which the IPA is happy to address in this submission but is also open to further discussion as the Department sees fit.

- *Are there other objectives that the Queensland Government should consider?* The IPA advocates for regulatory framework reform to remove duplication and cost associated with regulation which small business is adversely affected by. This is a national advocacy initiative. The current regulatory burden is stifling productivity growth and employment.

The IPA is also investing in significant research and solutions in relation to the mental health of small business. We would be pleased to discuss these initiatives further. In particular, the IPA Deakin SME Research Centre is focusing on the role played by intermediaries (such as professional advisers) in improving the mental wellbeing of small business owners/operators.

- *Are there other opportunities or challenges facing small business that should be considered?* The Department's digital initiatives are to be commended. One learning from the IPA in its 2017 nation-wide road show was the emerging fear of cybersecurity issues. Awareness building, training and upskilling small business may be critical to their digital and online survival.

Giving small business a voice. The IPA is the peak accounting professional body that caters for small business. We encourage small business to turn to their trusted adviser, which according to research, is their accountant.

Small businesses should also be aware of the role of the Australian Small Business and Family Enterprise Ombudsman and the Queensland small business commissioner or other advocates, and associated services. Overall, a lot more awareness raising is needed of the vital role played by these services.

- *What are the skills small business owners need most to remain sustainable, grow or innovate? How do we help innovative small businesses who are thinking of expanding into new technologies and emerging and international markets get ready? What other support and assistance do small businesses need to start-up and grow?*

The IPA Deakin SME Research Centre focused on all of these questions in its two White Papers. In fact, in order to boost productivity growth, we focused on the five pillars of productivity being, access to capital and finance; developing human capital; innovation; appropriate regulation; and trade and internationalization.

Starting up a small business is hard. There is a need for start-up capital. Access to affordable and responsible finance is an issue and the ramifications in the market resulting from the Hayne Royal Commission have not made it any easier. A new market entrant should engage with an accountant that they trust and have confidence in. A business plan is essential for any new business wanting to gain funding. Education, using a variety of communication methods, is essential.

For example, if a new small business is employing someone, do they know they are regulated under ATO and single-touch payroll? Are they digitally ready to take on that regulatory imposition?

- *What challenges do small business face in upskilling their workforce?* This is a multi-faceted question which embraces induction, technology and human capital management. As with many aspects of small business, the lack of resources and knowledge are the main challenges. Many simply do not have the capacity to allow for upskilling whilst also operating the business. There is also extensive research and commentary that small businesses are prone to losing upskilled employees who now have increased opportunities to find better-paid employment elsewhere. Offering them equity in the business may not always be practical or preferred. For this reason, many small businesses rely on family and friends.
- *How can it be made simpler and easier for small business to understand and comply with regulation?* Most small businesses will find themselves shrouded in regulatory burden; in the main ASIC and ATO compliance, as well as implications under Fair Work legislation. Small businesses must be made aware of the Fair Work legislation and the differentiation between the roles of the Fair Work Commission and the Fair Work Ombudsman. These are two different entities and functions. In addition, education and awareness raising in simple English can make a big difference. There is a huge amount of useful information and free training and guidance on various government websites. Alerting small businesses to these resources on a constant

basis is key. One useful way to achieve this is to embed messages in ATO communications, as most small businesses will interact with the ATO at some point. Another way is through the use of intermediaries such as professional advisers (public accountants are the most common touchpoint) who can play a role in educating small business owners and disseminating information.

- *What are the key issues affecting the resilience and growth of small business in Queensland's regional communities? What can be done to assist small businesses in regional communities to build increased resilience?* While regional communities face many challenges, technology must allow them to grow regardless of location. NBN or reliable internet and digital connection must exist for them to market their products and services. The issue of not having access to reliable internet services was a common complaint heard during our roadshow (which was almost exclusively in regional areas).
- *How can government help small business to connect and build a network to help them grow and prosper?* Again, it is a case of raising awareness of the existence of networking services and opportunities. Many proactive small business owners will regularly engage in and develop their own networks. There is a plethora of government, NFP and private networks and related services to assist small business owners.

Many small businesses don't know what they don't know. Education and awareness of services such as local business networks, accountants, ASBFEO etc will assist greatly.

- *What can be done to help small business have a clear voice and an opportunity to provide advice to government?* The IPA is the leading professional body that amplifies the voice of small business to government. We are happy to have further discussions on this matter. In addition, there are various other bodies which seek to speak on behalf of small business. In our experience, small business is not a homogenous group and is often impacted by sector-specific issues.
- *What can be done to improve dispute resolution information and services of Queensland small business?* Most States and Territories have a small business commissioner. The IPA commends the Department's introduction of the Queensland Small Business Advisory Council. We reiterate that using channels such as interactions with the ATO or intermediaries can act as a useful way to raise awareness and disseminate information. It takes time, so persistence is needed. In terms of improving dispute resolution services, we point to the services offered by the various state based Small Business Commissioners, all of which seem to be working very well according to the metrics used.

Please address any further enquires to Wayne Debernardi, General Manager Public Affairs via wayne.debernardi@publicaccountants.org.au.